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PRICE SUPPORT DIRECTED OR AUTHORIZED BY FARM LEGISLATION
(1933 - 1960)

Price support operations have been carried on by the Commodity Credit Corporation since 1933. Over most of this period the level of support has been either directed or authorized by specific price legislation. The following tabulations show the support levels authorized or directed for specified commodities. Unless otherwise stated, the level or range of support is in terms of percentage of the commodity's parity price as of the beginning of its marketing year.

Designated Basic Commodities (support mandatory)

<u>Crop years</u>	<u>Commodities</u>	<u>Required level or range of support (percent)</u>
1933-37 <u>1/</u>	Corn, cotton	(53-76)
1938-40	Corn, cotton, wheat	52-75
1941	Corn, cotton, wheat, rice, tobacco	85
	peanuts	50-75
1942-43 <u>2/</u>	Corn, cotton, wheat, rice, tobacco, peanuts .	90
1944 <u>3/</u>	Corn, wheat, rice, tobacco, peanuts	90
	cotton	95
1945-48 <u>4/</u>	Corn, wheat, rice, tobacco, peanuts	90
	cotton	92½
1949-50 <u>5/</u>	Corn, cotton, wheat, rice, tobacco, peanuts .	90
1951 <u>6/</u>	Corn, cotton, wheat, rice, tobacco, peanuts .	80-90
1952 <u>6/</u>	Corn, cotton, wheat, rice, tobacco, peanuts .	75-90
1953-54	Corn, cotton, wheat, rice, tobacco, peanuts .	90
1955	Corn, upland cotton, wheat, rice, tobacco, peanuts .	82½-90
1955-57 <u>7/</u>	Extra long staple cotton	75-90
1956-58 <u>4/</u>	Corn, upland cotton, wheat, rice, tobacco, peanuts .	75-90
1958 and sub- sequent years	Extra long staple cotton	60-75
1959	Upland cotton, Choice "A" allotments	80-90
	Choice "B" allotments	65-75
<u>8/</u>	Rice	75-90
1959 and sub- sequent years	Wheat, tobacco, peanuts	75-90
	Corn	90 percent of average price received by farmers during preceding 3 calendar years but not less than 65 percent of the parity price

(more)

Designated Basic Commodities -- continued

<u>Crop years</u>	<u>Commodities</u>	<u>Required level or range of support (percent)</u>
1960	Upland cotton, Choice "A" allotments	75-90
	Choice "B" allotments	60-75
1961	8/ Rice	75-90
1962 and sub-	8/ Upland cotton, rice	70-90
sequent years	Upland cotton, rice 8/	65-90

1/ Support, which was non-mandatory, was established at specific cents-per-bushel and cents-per-pound rates. The percentages shown reflect support prices in relation to parity prices. Cotton was not supported in 1936.

2/ The Stabilization Act of 1942 called for support at 90 percent of parity, but section 8(c) of that act permitted support at lower levels in order to hold down feed costs and "to aid in the prosecution of the war." Corn, wheat, and rice in 1942 and corn and wheat in 1943 were supported at 85 percent of parity.

3/ Mandatory levels shown applied to loans only. Cotton of the 1944 and 1945 crops was purchased for support at 100 percent of parity.

4/ The act of July 28, 1945, specified support on fire-cured tobacco at 75 percent of the Burley rate and on dark air-cured and Virginia sun-cured at 66-2/3 percent of the Burley rate. This was modified by the act of July 10, 1957, as follows: Support for each of these types must not exceed the higher of 90 percent of its parity price or the level applicable to it for the 1957 crop.

5/ The Agricultural Act of 1949 makes support for tobacco (except for fire-cured, dark air-cured, and Virginia sun-cured, as noted above) mandatory at 90 percent of parity if marketing quotas are in effect.

6/ Because of the Korean War, support prices for the designated basic commodities were held at 90 percent of parity, except that 1951-crop peanuts were supported at 88 percent.

7/ Support must be within this range but is directed to be at the minimum indicated by the supply level at the beginning of the marketing year.

8/ Exact level not required to be based on supply percentage. Beginning with 1961 crop, cotton support is to be based on average quality.

Designated Nonbasic Commodities (support mandatory)

<u>Crop years</u>	<u>Commodities</u>	<u>Required level or range of support (percent)</u>
1933-40	None	
1941	1/ "Steagall" commodities: Manufacturing milk, chickens, eggs, hogs	Not less than 85
1942-48	2/ "Steagall" commodities: Manufacturing milk, butterfat, chickens, eggs, turkeys, hogs, dry peas, dry beans, soybeans for oil, flaxseed for oil, peanuts for oil, American Egyptian cotton, Irish potatoes, and sweetpotatoes	Not less than 90

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Designated Nonbasic Commodities -- continued

<u>Crop years</u>	<u>Commodities</u>	<u>Required level or range of support (percent)</u>
1947-48	Wool	The 1946 support level -- 42.3 cents per pound for shorn wool, grease basis
1949	Manufacturing milk, butterfat, chickens, eggs, hogs, and Irish potatoes harvested in the calendar year 1948 and marketed in the calendar year 1949	90
	Dry beans, dry peas, soybeans, flaxseed, peanuts for oil, American Egyptian cotton, turkeys, sweetpotatoes, and Irish potatoes harvested and marketed in the calendar year 1949	Not less than 60 nor more than the 1948 support level
	Wool	The 1946 support level -- 42.3 cents per pound for shorn wool, grease basis
1950-54	Milk, butterfat, and products of milk and butterfat	75-90
	Tung nuts, mohair, honey, Irish potatoes <u>2/</u>	60-90
	Wool <u>3/</u>	90
1955-60	Milk, butterfat, and products of milk and butterfat	75-90
	Tung nuts <u>4/</u> , honey	60-90
	Wool <u>5/</u>	Not over 110
	Mohair	Not more than 15 per- cent above or below the comparable per- cent-of-parity wool incentive level
1959 and sub- sequent years	Oats, rye, barley, grain sorghums	Such level of the parity price for each as is fair and reason- able in relation to the level at which support is made avail- able for corn

1/ Although "floors" were set for supports on the Steagall commodities there were no upper limits on the level of price supports. Some commodities, including flaxseed and soybeans, were supported above 100 percent of parity or comparable price for a while during World War II.

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2/ The Agricultural Act of 1949 made support mandatory for Irish potatoes, but the Act of March 31, 1950, prohibited support for 1951 and subsequent crops of potatoes in the absence of marketing quotas. Inasmuch as there was no legislative authority for quotas on potatoes, this had the effect of ending support for potatoes with the 1950 crop. Subsequently, the Agricultural Act of 1954 authorized permissive support for potatoes at 0-90 percent of parity.

3/ The Agricultural Act of 1949 required support for wool at the level necessary to encourage annual production of 360 million pounds of shorn wool. This provision meant support at the maximum or 90-percent level.

4/ Under a proviso of the Agricultural Act of 1958, the price of tung nuts must be supported at not less than 65 percent of parity in any year when the Secretary of Agriculture determines that domestic production of tung oil will be less than the anticipated domestic demand for it.

5/ The maximum level is 110 percent of parity if the incentive payment method is used. If any other method is used, the maximum level of support is 90 percent and the minimum 60 percent. Support is authorized through 1962.

Other Commodities (support permissive)

Some commodities are supported even though supports are not mandatory. Permissive commodities that have been supported at one time or another since 1933 but which are not now supported include flax fiber, hemp fiber, hempseed, castor bean seeds, olive oil, canned fruits, canned vegetables, concentrated grapefruit juice, hops, figs, dates, prunes, raisins, pecans, walnuts, numerous different kinds of hay and pasture seeds, several different kinds of winter cover crop seeds, lamb, mutton, Puerto Rican blackstrap molasses, and sugar beets.

Permissive commodities under support in 1960 include flaxseed, soybeans, dry edible beans, cottonseed, and crude pine gum. These commodities can be supported at any level between 0 and 90 percent of parity, but supports actually range from 60 to 90 percent.

The material that follows discusses price support legislation and the support levels or ranges directed by that legislation.

The Early Programs (1933-37)

Prices of only two commodities -- corn and cotton -- were supported by the Commodity Credit Corporation during the 1933-37 period. Support, not mandatory at the time, was carried out for corn and cotton under authority granted CCC by its Delaware charter. Per-bushel support prices for corn were: 1933, 45 cents; 1934, 55 cents; 1935, 45 cents; 1936, 55 cents; and 1937, 50 cents -- a range of 55 to 68 percent of the parity price. Per-pound supports for cotton were: 1933, 10 cents; 1934, 12 cents; 1935, 10 cents; 1936, no support; and 1937, 9 cents. These supports ranged from 53 to 76 percent of the parity price.

(The principal legislative tool for stabilizing agricultural prices and incomes in this period was the Agricultural Adjustment Act of 1933, which provided for production controls, implemented by processing taxes, on certain agricultural commodities. When it became apparent in the fall of 1933 that enhancement of farm income through production controls would be a slow process, CCC was created under the President's emergency powers and the first price support loans, similar to those made today, were extended on corn and cotton. The Supreme Court in January 1936 declared unconstitutional the production control features of the Agricultural Adjustment Act of 1933 and also voided processing taxes. Later in 1936 the Soil Conservation and Domestic Allotment Act of 1936 became law; but this act, although it made for better land use provided inadequate authority for price and income stabilization operations deemed necessary by farm leaders. Heavy crops of wheat and cotton in 1937, accentuating the twin problems of surpluses and low prices, led to passage of the Agricultural Adjustment Act of 1938 -- the first legislation that made price support mandatory for certain commodities.)

The Pre-war Years (1938-40)

The Agricultural Adjustment Act of 1938, which is still effective in amended form, provided for (1) mandatory price-support loans on certain "basic" commodities so that the commodities could be stored in time of plenty and returned to the market when supplies became scarce -- the "ever-normal granary" idea, and (2) marketing quotas on certain basic commodities, keyed to acreage allotments, which were intended to keep supplies in line with market demand.

Mandatory supports: -- The Agricultural Adjustment Act of 1938, as originally enacted, made supports mandatory at 52 to 75 percent of parity for corn, wheat, and cotton.

Permissive supports: -- The Agricultural Adjustment Act of 1938 authorized CCC to make loans on "agricultural commodities (including dairy products)." CCC, of course, already had authority under its charter to support virtually any agricultural commodity. "Permissive" commodities supported during the 1938-40 period included butter, dates, figs, hops; turpentine, rosin, pecans, prunes, raisins, barley, rye, grain sorghums, wool, winter cover crop seeds, mohair -- and peanuts and tobacco for which, at that time, supports were not mandatory.

(Curiously, there were no specific limits on supports for "permissive" commodities other than the overall objectives of the act, but the "mandatory" commodities could not be supported at levels above 75 percent of parity.)

The War Years
(1941-48)

Mandatory supports on basic commodities. -- An April 3, 1941, amendment to the Agricultural Adjustment Act of 1938 made supports mandatory on peanuts at 50 to 75 percent of parity.

The act of May 26, 1941, directed CCC to make loans to cooperators on the 1941 crops of rice, tobacco, cotton, corn, and wheat at 85 percent of parity. This act was amended December 26, 1941, to add peanuts to the list of commodities to be supported at the 85-percent level and to extend applicability of the act to the 1943-through-1946 crops.

Section 8 (a) of the Stabilization Act of 1942 directed CCC to make loans to cooperators at 90 percent of parity upon any crop of cotton, corn, wheat, rice, tobacco, and peanuts harvested after December 31, 1941, and before 2 years after the end of hostilities, although section 8 (c) provided for support at lower levels to hold down costs of livestock and poultry feed, and to aid in effective prosecution of the war. (This period ended with 1948 crops of the basics.)

The act of June 30, 1944, increased the rate of support on cotton harvested after December 31, 1943, to $92\frac{1}{2}$ percent of parity. The act of October 3, 1944, increased the rate still further to 95 percent of parity with respect to crops of cotton harvested after December 31, 1943, and planted prior to January 1, 1945.

The act of July 28, 1945, required that the support rate on fire-cured tobacco be 75 percent of the rate for Burley tobacco and that the rate for dark air-cured and Virginia sun-cured tobacco be $66\frac{2}{3}$ percent of the Burley rate.

Mandatory supports on "Steagall" commodities. -- Section 4 of the act of July 1, 1941, the so-called Steagall Amendment, required support at not less than 85 percent of parity or comparable price for those nonbasic commodities for which the Secretary of Agriculture or the War Food Administrator requested an expansion of production for war purposes and made public announcement to that effect. By the act of October 2, 1942, the minimum rate of support was increased to 90 percent of parity and support at that rate was required to be continued for 2 years after the end of the war -- December 31, 1948.

The Steagall commodities were: Hogs, eggs, chickens (with certain exceptions), turkeys, milk, butterfat, dry peas of certain varieties, dry edible beans of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and sweetpotatoes.

Other commodities. -- Among the 140 or so "other" commodities supported during the war years were wool, naval stores, American hemp, sugar beets, sugarcane, blackeye peas and beans, certain fruits for processing, certain

vegetables for processing, barley, grain sorghums, rye, sea island cotton, certain vegetable seeds, winter cover crop seeds, and hay and pasture seeds.

The act of August 5, 1947, required support of wool prices until December 31, 1948, at the 1946 support level.

Post-War Years
(1949-50)

Agricultural Act of 1948

Basic commodities. -- The Agricultural Act of 1948 made price support on 1949 crops of the basic commodities mandatory at 90 percent of parity.

Steagall commodities. -- Support on 1949 production of hogs, chickens, eggs, and milk and its products was fixed at 90 percent of parity through December 31, 1949.

Support on 1949 production of dry beans, dry peas, turkeys, soybeans, flaxseed, peanuts, American-Egyptian cotton, and sweetpotatoes was set through December 31, 1949, at not less than 60 percent of parity or comparable price nor higher than the level at which the commodity was supported in 1948.

Support on potatoes harvested on or before December 31, 1948, and marketed through December 31, 1949, was maintained at 90 percent of parity. Support on potatoes harvested after December 31, 1948, and marketed through December 31, 1949, was set at not less than 60 percent of the parity price nor more than the 1948 support level.

Wool. -- Support was made mandatory on wool marketed through June 30, 1950, at the 1946 level of 42.3 cents per pound for shorn wool, grease basis.

"Other" commodities. -- Supports were authorized on "other" commodities through December 31, 1949, if funds were available, at levels in a fair relationship with the basics and Steagalls.

Parity calculations. -- The act provided that, beginning January 1, 1950, parity prices for individual crops be computed so as to take into consideration, in addition to the 1910-14 base period, average prices for the previous 10 years. The act also provided for transitional parity -- that is, limiting the drop from old to new parity to steps of not more than 5 percent of old parity per year.

Agricultural Act of 1949

Basic commodities. -- Support for 1950-crop basics was made mandatory at not more than 90 percent of parity nor less than certain minimums based on the supply percentage at the beginning of the marketing year. However, the

act assured mandatory 90-percent supports for 1950 crops of the basics if producers had not disapproved quotas on any crop for which marketing quotas or acreage allotments were in effect.

Designated nonbasic commodities. -- Support was made mandatory on wool (including mohair) at the 60-90 percent of parity level, but it was provided that the level should be established so as to encourage an annual production of 360 million pounds of shorn wool. (This latter provision made support for shorn wool mandatory at 90 percent of parity.)

Support was made mandatory for tung nuts, honey, and Irish potatoes at the 60-90 percent of parity range. However, the act of March 31, 1950, prohibited price support for potatoes of the 1951 and subsequent crops unless marketing quotas are in effect. Inasmuch as there was no legislation authorizing quotas for potatoes, mandatory support for potatoes was, in effect, brought to an end with marketing of the 1950 crop.

Support was made mandatory on milk, butterfat, and the products of milk and butterfat at the 75-90 percent of parity range.

Other nonbasic commodities. -- Support was made permissive at the 0-90 percent of parity level.

Computation of parity prices. -- The act provided that the parity price for any basic agricultural commodity -- corn, cotton, wheat, peanuts, rice, and tobacco -- as of any date during the period January 1, 1950 -- December 31, 1953, shall not be less than its parity price as computed by the "old" parity formula. (The old formula meant higher parity prices for wheat, corn, cotton, and peanuts, whereas the new formula resulted in higher prices for rice and tobacco.)

Korean War Period (1951-54)

Basic commodities. -- Although the Agricultural Act of 1949 provided flexible supports on 1951-crop basic commodities within the 80-90 percent of parity range, flexible provisions did not become operative. South Korea was invaded by North Korea in June 1950 and the Department of Agriculture, as part of the United Nations defense effort, maintained supports on 1951-crop basics at the 90-percent level so as to stimulate production.

Because of the Korean War emergency, flexible provisions did not become effective with basic crops in 1952. Section 106 (a) of the act of June 30, 1952, amending the Defense Production Act, provided for price support at 90 percent of parity for the basic commodities under any program announced while Title IV of the Defense Production Act, authorizing price controls, was in effect. Title IV expired as of April 30, 1953.

Flexible provisions were postponed still further by the act of July 17, 1952, which amended the Agricultural Act of 1949 to provide for 90 percent of parity price support for the 1953 and 1954 crops of the basic commodities with respect to which producers did not disapprove marketing quotas. The act also made supports mandatory on extra long staple cotton for the first time.

Designated nonbasic commodities. -- Support continued to be mandatory, under the Agricultural Act of 1949, as follows: Wool and mohair -- 60 to 90 percent of parity, although the provision with respect to encouraging an annual production of 360 million pounds of shorn wool assured wool support at 90 percent of parity; tung nuts and honey, 60 to 90 percent of parity; and milk and butterfat, 75 to 90 percent of parity.

Other nonbasic commodities. -- Support was permissive, at any level between zero and 90 percent of parity.

Parity calculations. -- The act of July 17, 1952, extended for two additional years (through December 31, 1955) the requirement that the effective parity price for the six basic commodities shall be the higher of parity prices computed under both the old and new parity formulas.

Post-Korea
(1955 to date)

Agricultural Acts of 1954 and 1956

Basic commodities. -- The Agricultural Act of 1954 permitted flexible provision of the Agricultural Act of 1949 with respect to 1955 basic crops to go into effect at the $82\frac{1}{2}$ -90 percent of parity range and, with respect to 1956 and later basic crops, at the 75-90 percent range.

The act also provided for "set asides" of 400 to 500 million bushels of wheat and 3 to 4 million bales of cotton, the set-asides to be excluded in the computation of price-support levels, but to be included in the computation of acreage allotments and marketing quotas.

Support on major types of tobacco was made mandatory at 90 percent of parity if marketing quotas are in effect. Also, extra long staple cotton was required to be supported at the minimum level between 60 and 75 percent of parity as indicated by the supply percentage at the beginning of the marketing year.

Designated nonbasic commodities. -- Support was mandatory, as follows: tung nuts and honey, 60 to 90 percent of parity; and milk and butterfat, 75 to 90 percent of parity.

Support of wool if made through payments to producers -- financed out of import duties on wool -- was required to be at the incentive level not to

exceed 110 percent of parity necessary to encourage an annual domestic production of 300 million pounds. Mohair support levels were geared so as not to vary more than 15 percent above or below the comparable percent of parity wool incentive level.

Other commodities. -- Support was permissive, at any level between zero and 90 percent of parity. "Other" commodities was extended to include Irish potatoes, for which support was made permissive within the zero-to-90 percent of parity range.

The Agricultural Act of 1956 provided that whenever the price of either cottonseed or soybeans is supported, the price of the other shall be supported at the level that will cause them to compete on equal terms on the market.

Parity calculations. -- The Agricultural Act of 1954 did not extend the special requirement that the effective parity price for the six basic commodities shall be the parity price computed under the "old" or "new" parity formula, whichever is higher, and the transitional parity mechanism went into effect January 1, 1956, with respect to basics. The Agricultural Act of 1956, however, "froze" transitional parity for corn, peanuts, and wheat during 1957. Transitional parity provisions again became effective for basics January 1, 1958. By January 1960 all the basics had effected the transition and for their 1960 crops were under the "new" parity formulas.

Agricultural Act of 1958

Basic commodities. -- The Agricultural Act of 1958 provided for a referendum of corn producers to determine if they favored (1) continuing with their current price support program, which made support available within a 75-90 percent-of-parity range for those producers who complied with their acreage allotments, or (2) shifting to a new program which discontinued acreage allotments and made support available to all producers at 90 percent of the average price received by producers during the 3 preceding calendar years but in no event at less than 65 percent of parity. In the referendum held November 25, 1958, a majority of the growers voting favored the latter program and it became effective with the 1959 crop.

Under other provisions of the act, producers of upland cotton were given a choice of supports for their 1959 and 1960 crops based on two different acreage allotments: Under Choice "A", a producer who complied with his regular acreage allotment was assured support on his 1959 crop at not less than 80 percent of parity and on his 1960 crop at not less than 75 percent of parity; under Choice "B", a producer who complied with an allotment which might be as much as 40 percent larger than his regular allotment -- at the discretion of the Secretary -- was assured support for either or both of these 2 years at a level 15 percent of parity below the level of support established for producers electing Choice "A." For subsequent years, a return to a single no-choice program was specified, with the range of support set at 70-90 percent of parity for 1961 and at 65-90 percent of parity for subsequent years. Beginning with the 1961 crop (a) the exact level of

support is not required to be based upon the supply percentage, and (b) the support price is to be based on the average quality of the crop.

For rice beginning with the 1959 crop the exact level of support is not required to be based on the supply percentage. For the 1961 crop support price range will be from 70 percent to 90 percent of parity, and for the 1962 and subsequent crops the minimum range of price support is from 65 percent to 90 percent of parity.

Designated nonbasic commodities. -- The Agricultural Act of 1958, in effect, took oats, barley, rye, and grain sorghums out of the "permissive" price support category and made them designated nonbasics. It did this by requiring that, beginning with the 1959 crops, price support was to be made available for each of these crops at such level of its parity price as the Secretary of Agriculture determined to be fair and reasonable in relation to the level of support made available for corn. Since support for corn is mandatory, this had the effect of making support mandatory also for these "other feed grains."

The So-Called \$50,000 Price Support Limitation

A provision of the 1960 Agricultural Appropriation Act limits nonrecourse price support to any person on his 1960 production of any agricultural commodity declared by the Secretary of Agriculture to be in surplus supply to \$50,000 unless he reduces his production of the commodity below his previous year's production by an amount, not to exceed 20 percent, deemed to be necessary by the Secretary to bring production in line with demand.

The limitation applies only to nonrecourse loans and only to 1960 production. Loans will be made in excess of \$50,000 if the borrower agrees to repay the excess amount with interest.

Wheat, cotton (both upland and extra long staple), rice, peanuts, tobacco, corn, rye, barley, and grain sorghums were declared to be in surplus for purposes of the limitation. For all these crops, a 20-percent reduction in production was determined to be necessary to avoid the limitation.

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